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## Influencing Factors of Credibility in C2C Ecommerce Web Sites

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### Abstract

Honesty is the key to success of e-commerce, China's e-commerce is in the ascendant, but credit problems are becoming more and more serious, become the bottleneck. This paper puts forward three reasons, including the reliability of the information, credit standing of the main body and the safety of the trade, which cause the credit crisis. The paper analyzes the reason of the influence factors of e-commerce in China, and considers that the credit crisis can be walk out, none but strengthen credit consciousness, establish and perfect the personal credit system and legal norms, improve means of payment, and strengthen technical support.

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*Keywords:* C2C, e-commerce, web sites, credibility

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### 1. Introduction

C2C e-business because its can give full play to the internet speed, low cost and penetration widely in China, comprehensive advantages attract numerous online bargainers. But virtual internet also determines the C2C transactions are difficult to control, risk makes this on-line business activity has obvious distance, risk and uncertainty. In 2009 China Internet shopping report C2C display by CNNIC, in Beijing, Shanghai and Guangzhou, consumer online purchase most is not assured quality of commodity (by investigators of 61%) and the vendor's credit (by investigators of 34%).<sup>1</sup> Also, according to the China electronic commerce association and alibaba company for domestic online sampling survey, “face personal network marketing problems and obstacles”, 59% of the respondents thought are honesty, and

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80% of the respondents thought online trading to succeed depend mainly on credit. Therefore, Honesty is currently the bottleneck of restricting China's C2C e-business healthy and rapid development.

## **2. The Problem of Honesty in C2C E-Commerce Sites Currently**

### *2.1. The reliability of information*

Because the virtual network, anyone can with certain identity release certain information. In the electronic commerce activity, e-commerce subject release information in traditional media less restrained than in interest. Driven by the interests, some people induced the consumers' behavior in fraudulent means. Consumers doubt much information in the web, and lost trust. Consumers reduced the enthusiasm to purchase goods and services in the internet.

### *2.2. The credibility of subject*

In the electronic transaction process, e-commerce subject's credit is not guaranteed because there is no corresponding constraint of moral and law. For example, the venders charge fees but don't provide service or less to provide services because they use the uncertainty of participants identity and the freedom of the market. Of course also have the opposite situations, the purchasers gained the products and services but make use of the venders' honest<sup>2</sup>. The purchasers evade executive contracts by anonymity, change name, or quit the market.

### *2.3. Trading safety*

There are the problems of information security and property security in e-commerce transactions. The problem of Information security refers to the risks of leak, loss and tamper of information, Such as stealing trade secrets, forging or illegal deleting trading information and losing Trade information, etc. The property security refers that e-commerce subject faced the loss of property because of various causes. Such as credit card accounts, bank money stolen, traders' property is stole, etc.

## **3. Analyses the Influence Factors of China's C2C E-Commerce**

### *3.1. network virtual cause understanding fuzzy of e-commerce subject in transaction object*

E-commerce business through network, vendee and vendor exchange through web, it is difficult to direct communicate by face-to-face and master commodity information. Although network technology provides the powerful capacity of information collecting, processing and transmission, mature system did not support the information transfer. So, vendee and vendor can't accurately know each other's credit status and the true extent, they realize the deal according to the other's needs and requests.<sup>3</sup>

### *3.2. C2C transactions platform management disfigurement*

C2C e-business transactions complete the information transmission and commodities trading according to certain platform of network business. C2C e-business faces more and more risk crisis because of the dishonesty and the lack of correlation credit management mechanism and methods of transaction platform.

### *3.3. Credit consciousness leads to low confidence in e-commerce transactions*

China economy is born from the planned economy, social credit economy growth is late, and market credit transaction is not developed. Social general lacks credit consciousness and credit ethics under modern market economy conditions. Many enterprises and individuals lack of understanding for the essentiality of credit. "Businessmen are all dishonest", this concept entrenched in people's thoughts.<sup>4</sup> In despite of dishonesty, enterprise can still survive and development, social credit deficiency is very popular. This idea undoubtedly restricts improvements of the e-commerce credit.

#### *3.4. The law of credit management has not been set up lead to trade honestly pushing weakness*

On the legislation, China just has promulgated "civil law general rule", "the contract law" and "anti-unfair competition law", and these laws stipulate the legal principle of the integrity. "Criminal law" imposes punishment for the criminal behavior such as fraud, but it there is a lack of lawmaking of directly related to credit system. So "Criminal law" can't come into being the legal norms and constraint for various break faith behavior in social economy. Discreditable behavior cannot be punished.

#### *3.5. Maintain rights difficult*

China current C2C network trade supervision exist blind, transaction platform cannot audit all product quality. Once appear dissension, network trade will not obtain availability evidence. Therefore consumer association often has not the means in dealing with online trading disputes. Most disputes can only to coordinate between the buyer and the seller. The network traders reduce risk cost of discreditable behavior, and the consumer improve maintain rights cost.

### **4. The Solution to The Trustworthiness Problem In C2C E-Business**

#### *4.1. strengthen credit consciousness, and build credit atmosphere*

Only strengthen the social consciousness of credit, establish the enterprise culture of trustworthiness, make honest heart, become voluntary behavior, which it can form healthy market operation mechanism and good social credit atmosphere<sup>5</sup>. E-commerce subject to call good faith, establish credit concept and consciousness of rules, make its realized the good faith is the base of conducts oneself in society, and the basic requirements of e-commerce transactions. Meanwhile, credit is a kind of wealth, and is an irreplaceable competitiveness. It can win more partners, and obtain more long-term and stable income. Promoting honesty concepts and improve social morality and universal credit quality, forming honest social environment, promote the development of e-commerce.

#### *4.2. Legislation as soon as possible, strengthens the construction of the law, and creates a fair legal environment.*

E-commerce is a global business activities, its legislative involves the scope is very wide, and content is very complex. Its legislative needs to solve the anfractuous problems, such as the electronic contract, online tax, intellectual property, personal privacy, user rights protection, online trading rules, user sincerity, electronic payment, network security, network crime, network evidence, etc. China's e-commerce legislation should consult e-commerce legislation standards of international general, and fully consider the actual situation in China, which made it adapt to the WTO rules, and to China's socialist national features.

#### *4.3. Accelerate development of a credit system, establish credit database, and enrich the content of credit database.*

Not long ago, a large network system and large database—China Notary Net had started construction in NanJing. This large network system includes the operating system of the notarial information consultation, administration, the notarial business operation. It will completely solve the difficulty of different audit, and ensure the authenticity of network ids. China Notary Net undoubtedly is a good beginning e-commerce to solve the crisis.

#### *4.4. E-commerce service providers believe "perfect services and good reputation" is the secret of customers, the online customers truly is God.*

E-commerce service providers provide high quality services with good credit standing. In the Internet age, the technical support level has little difference between providers. Customers pay attention to technical equipment, the same time, more attention to the prestige and service when they choose the service providers. E-commerce service providers really put customers in the first place, and consider customer's benefit, and timely solution to the problems of customers, such as domain name registration, suppositional mainframe, and enterprise email etc.

#### *4.5. Improve the means of payment.*

The vender and the vendee cannot direct contact in the network trade, which it caused the gap of time between the delivery of goods and payment. It appeared to cause network fraud. To solve this problem mainly is through third-party payment method. As a kind of online security trading for payment services, the third-party payment temporarily keep payments for the vender and the vendee before the vendee confirm receipt of goods, and the vender receive money after the vendee confirm receipt of goods<sup>6</sup>. So the vendee's payment being cheated would not exist. Because the network hypothesized, and the vender and the vendee are anonymous, the third party protects the personal privacy, and can realize fair trade as the witness of credit.

#### *4.6. Strengthen the research and application of e-commerce security technology*

Perfect technology can effectively prevent the lack of credit. We should put more efforts, research more the e-commerce security technology of advance and trustiness, economy applicable, independent intellectual property, including the network information technology security standards, firewall technology, access control technology, encryption technology and the authentication technology (digital signatures, digital certificates and CA certification, etc.).

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